

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBERS 135, 257, AND 435
SOUTH BEND, INDIANA

January 1, 2003 to December 31, 2003



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Schedule of Collections and Distributions.....	4
Notes to Schedule of Collections and Distributions	5
Statistical Information	6
Examination Results and Comments:	
Cash Short.....	7
Year End Inventory	8
Transfers.....	8
Accountable Items	8-9
Replacement Plates	9
Exit Conference.....	10
Summary	11
Affidavit	13

OFFICIALS

Office

Official

Term

Chairman, Bureau of Motor
Vehicles Commission

Gerald Coleman
Mary DePrez
Joel Silverman

01-06-02 to 02-29-04
03-01-04 to 01-09-05
01-10-05 to 01-11-09

Branch Manager

Linda Williams
Shirley Budka

01-01-03 to 04-21-05
05-05-05 to 12-31-05



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE STATE BUREAU OF MOTOR VEHICLES COMMISSION

We have examined the Schedule of Collections and Distributions of the State Bureau of Motor Vehicles Commission License Branch Numbers 135, 257, and 435 (Branch) for the period of January 1, 2003, to December 31, 2003. The Branch's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Collections and Distributions and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the Branch for the year ended December 31, 2003, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

November 10, 2004

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBERS 135, 257, AND 435
 SOUTH BEND, INDIANA
 SCHEDULE OF COLLECTIONS AND DISTRIBUTIONS
 January 1, 2003 to December 31, 2003

	Branch Number 135	Branch Number 257	Branch Number 435	Totals (Memorandum Only)
Collections:				
Registrations	\$ 4,872,598	\$ 360,715	\$ 86,452	\$ 5,319,765
Titles	1,856,240	-	23,028	1,879,268
Drivers Licenses	321,645	-	51,203	372,848
Watercraft	80,197	-	1,096	81,293
Miscellaneous	<u>2,532</u>	<u>-</u>	<u>20</u>	<u>2,552</u>
Totals	<u>\$ 7,133,212</u>	<u>\$ 360,715</u>	<u>\$ 161,799</u>	<u>\$ 7,655,726</u>
Distributions:				
State Fees	\$ 3,134,427	\$ 84,093	\$ 63,909	\$ 3,282,429
County Tax	3,110,003	241,664	57,490	3,409,157
Commission Fees	<u>888,782</u>	<u>34,958</u>	<u>40,400</u>	<u>964,140</u>
Totals	<u>\$ 7,133,212</u>	<u>\$ 360,715</u>	<u>\$ 161,799</u>	<u>\$ 7,655,726</u>

The accompanying notes are an integral part of the schedule.

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBERS 135, 257, AND 435
SOUTH BEND, INDIANA
NOTES TO SCHEDULE OF COLLECTIONS AND DISTRIBUTIONS

Note 1. Introduction

The Motor Vehicles Commission was created to manage the motor vehicle license branches. The Bureau of Motor Vehicles is a separate state agency which provides support services to the Commission controlled license branches. The license branches collect fees which fund the Motor Vehicles Commission. The license branches collect and forward county taxes (excise tax, wheel tax, and surtax) and state fees. The Commission has one contractual branch that is administered by an individual contractor according to Bureau policies. The Commission has developed a mobile license branch to serve the need of CDL license issuance and other special needs as they arise.

Note 2. Collections and Distributions

Each branch collects fees and taxes when vehicle and watercraft registrations, titles and drivers licenses are sold. Fees are uniform throughout the state. The following taxes are collected by the branches: excise tax, surtax, wheel tax, and use tax.

The total daily collections are deposited to a single bank account. From this account the collections are distributed to separate bank accounts which are not controlled by the license branch and belong to the state, county and Bureau of Motor Vehicles Commission.

Note 3. Banking System

The Bureau of Motor Vehicles Commission has entered into an agreement with Bank One for a cash concentration system. The system utilizes a series of individual non interest bearing accounts (clearing accounts) from which all fees and taxes are transferred.

Note 4. Combined Branch Report

This report contains financial and statistical information for License Branch Numbers 135, 257, and 435. South Bend Branch Number 135 is a full service license branch. License Branch Number 257 is a self-service terminal (SST). License Branch Number 435 is a regional site for the reinstatement of drivers' licenses. These branches are combined in one report because the Manager of Branch 135 is responsible for managing each of these branches.

Note 5. State Reinstatements of Drivers Licenses (SRED)

In 2003, \$905,245 in state fees were collected by South Bend License Branch Number 435, a regional site for the reinstatement of suspended drivers licenses (SRED). SRED collections are deposited daily in the branch clearing account. SRED fees are remitted to the state through bank transfers as described in Notes 1 and 2. These SRED monies have not been reported in the Schedule of Collections and Distributions.

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBERS 135, 257, AND 435
 SOUTH BEND, INDIANA
 STATISTICAL INFORMATION
 January 1, 2003 to December 31, 2003

<u>Transactions Processed</u>	<u>Branch Number 135</u>	<u>Branch Number 257</u>	<u>Branch Number 435</u>	<u>Totals (Memorandum Only)</u>
Vehicle Registrations:				
Passenger	34,379	2,991	774	38,144
Motorcycle	1,090	138	21	1,249
RV (Housecar)	373	24	5	402
Light Truck	8,889	747	162	9,798
Other Truck	732	12	3	747
Farm Truck	89	6	1	96
Tractor	60	-	1	61
Trailer	2,708	183	26	2,917
Semi-Trailer	1,608	2	3	1,613
School and Church Bus	111	-	-	111
Other Bus	26	-	1	27
Other	11	-	-	11
Total Vehicle Registrations	<u>50,076</u>	<u>4,103</u>	<u>997</u>	<u>55,176</u>
Drivers Licenses and Permits:				
Drivers Licenses/Learners Permits	12,470	-	1,486	13,956
CDL Licenses/CDL Permits	1,305	-	120	1,425
Placards	1,592	-	31	1,623
Other	10,422	-	2,358	12,780
Total Drivers Licenses and Permits	<u>25,789</u>	<u>-</u>	<u>3,995</u>	<u>29,784</u>
Titles:				
Vehicles	38,981	-	494	39,475
Watercraft	224	-	1	225
Total Titles	<u>39,205</u>	<u>-</u>	<u>495</u>	<u>39,700</u>
Total Watercraft Registrations	<u>1,120</u>	<u>-</u>	<u>15</u>	<u>1,135</u>

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBERS 135, 257, AND 435
SOUTH BEND, INDIANA
EXAMINATION RESULTS AND COMMENTS

CASH SHORT

During a routine audit by BMV Audit Services, field auditors discovered irregularities with cash. Additional audit work and investigation were performed by BMV Audit Services and the BMV Investigations and Security Division. This investigation revealed that the following invoices contained cash shortages:

<u>Invoice Date</u>	<u>Branch Number</u>	<u>Invoice Number</u>	<u>Amount Short</u>
03-24-03		56	\$ 164.75
04-03-03	135	471	200.75
04-17-03	135	75	100.00
04-23-03	435	78	100.00
05-12-03	135	090	100.00
05-22-03	135	478	105.00
05-23-03	435	99	4,844.00
05-29-03	435	102	6,311.05
06-16-03	435	114	100.00
07-16-03	135	135	100.00
07-22-03	435	139	200.00
08-01-03	135	147	100.00
08-21-03	135	491	200.00
08-21-03	435	161	3,170.75
Total Cash Short			<u>\$ 15,796.30</u>

Linda Sloma, former Bookkeeper, was responsible for the deposits and the reporting of cash shortages and overages.

Linda Sloma has been charged with felony theft in St. Joseph County and has reportedly admitted to taking \$3,000 to \$5,000 of branch receipts.

A request has been made of the former branch bookkeeper, Linda Sloma, to reimburse the State Bureau of Motor Vehicles Commission License Branch Numbers 135, 257, and 435 for undeposited cash receipts totaling \$15,796.30. (See Summary, page 11)

IC 5-13-6-1(b) states in part: ". . . all public funds . . . shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds."

All accounts are required to be reconciled on a monthly basis. All unidentified cash shortages and overages of twenty dollars or more must be reported to Branch Operations before the next Trial Balance is performed. (Branch Operations Policies and Procedures Manual, Journal/Reconciling Chapter)

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBERS 135, 257, AND 435
SOUTH BEND, INDIANA
EXAMINATION RESULTS AND COMMENTS
(Continued)

YEAR END INVENTORY

The Branch personnel took an inventory at the end of 2003. In January 2004, we tested the accuracy of this inventory. Several items were located at that time which had not been included in the inventory. When comparing the year end inventory to the Open Inventory Report, there were numerous items found that had not been included in the year end inventory. The inventory was not taken in the proper order as listed on the Inventory Checklist provided.

Prior to year end, detailed inventory instructions were developed and distributed to each branch by Audit Services. They included a listing of accountable items along with sample forms and examples. "When conducting the inventory it is **imperative** that you inventory and record items in the exact order as they are listed on the Inventory Checklist." (Letter dated December 3, 2003, from the Audit Services Director)

TRANSFERS

A variance between the Global Payment Services transfer and Boss invoices for invoice number 57, dated March 24, 2003, in the amount of \$1,404.55 could not be sufficiently explained. This amount was shown as a reduction of total receipts on the invoice summary, reducing the amount to be transferred.

All differences listed on the Global Payment Services Report must be identified and explained monthly. If a difference cannot be identified or explained, Audit Services should be contacted. (Journal and Reconciliation Training Materials prepared by Audit Services, 1997)

ACCOUNTABLE ITEMS

The following schedule details missing items revealed during a comparison of actual inventory of accountable items to the Open Inventory Report of the State Bureau of Motor Vehicles at December 31, 2003. No evidence was found to indicate these items have been sold.

<u>Years</u>	<u>Plate Type</u>	<u>Plate Number</u>
2006	Children's Trust	KE5338
2007	Passenger	45G207
2007	Passenger	71A1228
2007	Passenger	71A3536
2007	Passenger	71A6500
2007	Passenger	71A7195
2007	Passenger	71B867
2007	Passenger	71C896
2007	Passenger	71C2499
2007	Passenger	71C2500
2007	Passenger	71C2642
2007	Passenger	71D688
2007	Passenger	71D5190
2007	Passenger	71D6017

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBERS 135, 257, AND 435
SOUTH BEND, INDIANA
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Years</u>	<u>Plate Type</u>	<u>Plate Number</u>
2007	Passenger	71D6040
2007	Passenger	71D6044
2007	Passenger	71D6094
2007	Passenger	71D7060
2007	Passenger	71E256
2007	Passenger	71E369
2007	Passenger	71E1038
2007	Truck 7,000	763182A
2007	Truck 7,000	763183A
2007	Truck 7,000	104797L
2007	Truck 7,000	111359L
2007	Truck 11,000	30384B

A listing of the items that are to be accounted for to the State Board of Accounts is included in the Branch Operations Policies and Procedures Manual. (Branch Operations Policies and Procedures Manual, Supplies and Equipment Chapter)

REPLACEMENT PLATES

Form 6 "Application for Duplicate or Replacement License Plate" was not on file for all replacement plates and stickers issued.

The registration stub/receipt should be attached to the Form 6 "Application for Duplicate or Replacement License Plate" and put in the End of Day file marked with the appropriate invoice number. (Branch Operations Policies and Procedures Manual, Branch Filing Procedures Chapter)

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBERS 135, 257, AND 435
SOUTH BEND, INDIANA
EXIT CONFERENCE

The contents of this report were discussed on November 10, 2004, with Vicki Derickson, Assistant Branch Manager; and Vicki Deutscher, Regional Manager.

The contents of this report were discussed on August 24, 2005, with Shirley Budka, Branch Manager.

The examination comments were sent to Linda Sloma, former Bookkeeper, by certified mail.

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBERS 135, 257, AND 435
 SOUTH BEND, INDIANA
 SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Linda Sloma, former Bookkeeper:			
Cash Short, page 7	<u>\$ 15,796.30</u>	<u>\$ -</u>	<u>\$ 15,796.30</u>

(This page intentionally left blank.)

AFFIDAVIT

STATE OF INDIANA)
ST JOSEPH COUNTY)

We, James A. DeWinter and David P. Shearer, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the State Bureau of Motor Vehicles Commission License Branch Numbers 135, 257, and 435 South Bend, Indiana, for the period from January 1, 2003, to December 31, 2003, is true and correct to the best of our knowledge and belief.

James A. DeWinter
David P. Shearer
Field Examiners

Subscribed and sworn to before me this 13th day of FEBRUARY, 20 06

Betty J. Jackson
Notary Public

My Commission Expires: FEBRUARY 19, 2007

County of Residence: ST. JOSEPH, INDIANA